ETFs 2029:

The path to $30 trillion

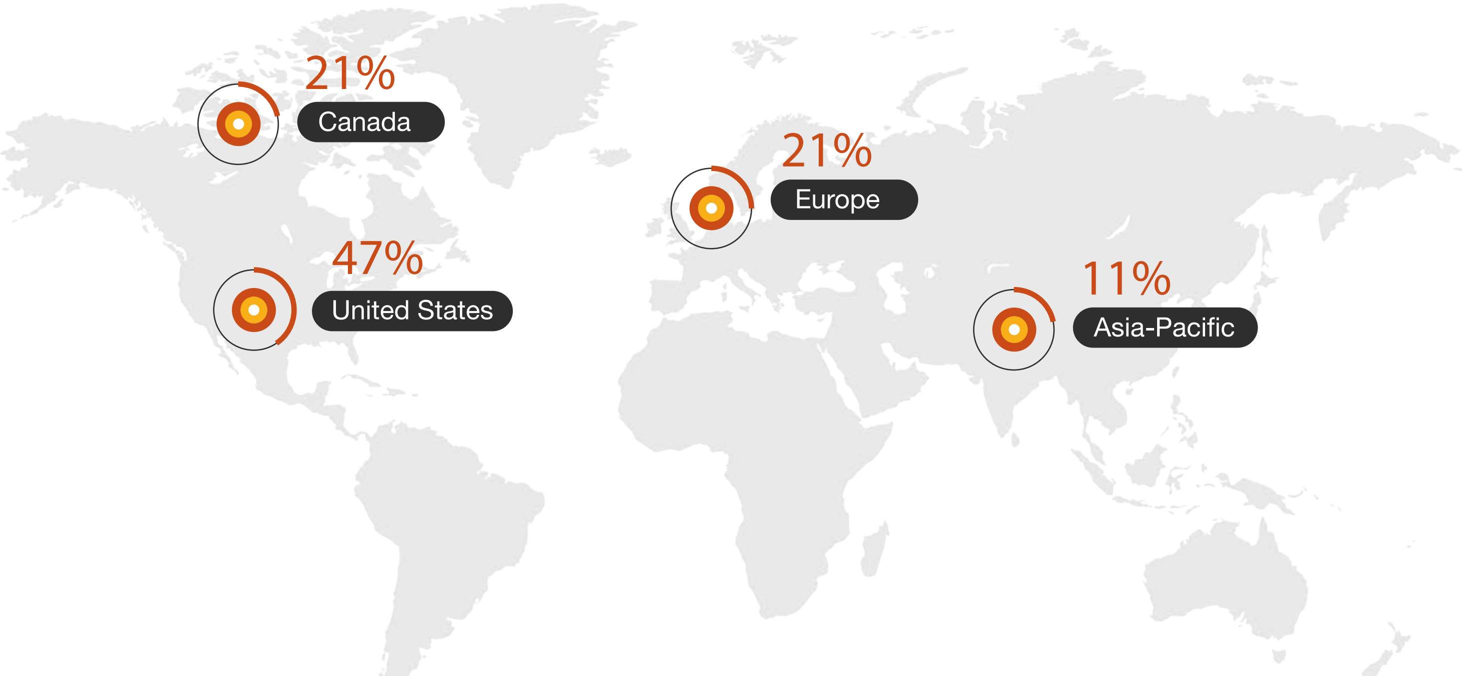
Contents

About this survey

Drawing on the findings from a survey of more than 70 executives from around the world, ETFs 2029: The path to $30 trillion explores the latest trends and future outlook in a fast expanding and evolving exchange-traded funds (ETF) market.

Over 50 survey respondents are ETF managers or sponsors. The remainder are service providers, market makers and asset managers not currently offering ETFs.

The participating firms come from the four main regions of the global ETF market:



The diversity of our sample is reflected in the broad range of views on the direction of the ETF market, both globally and regionally.

We would like to thank all the ETF managers and service providers who took part in the survey for sharing their valuable insights.

Unless otherwise stated:

- All figures come from PwC analysis and modelled projections using LSEG Lipper data as the primary source.
- All references to ‘mutual funds’ exclude ETFs.
- All monetary figures are in US dollars.

Overview

Global ETF assets under management (AuM) grew by a record 27% in 2024 to reach $14.6 trillion as of December 31, 2024. As the findings from our survey highlight, $30 trillion in AuM is now in sight.

ETFs are fast becoming the investment wrapper of choice for many across the globe as asset and wealth managers seek to develop product suites capable of appealing to an increasingly diverse and demanding array of investors, now and into the future.

Alongside ETFs' trademark liquidity, transparency and affordability, the ever-increasing choice and popularity of ETF products mean that fund allocations to ETFs will continue to grow.

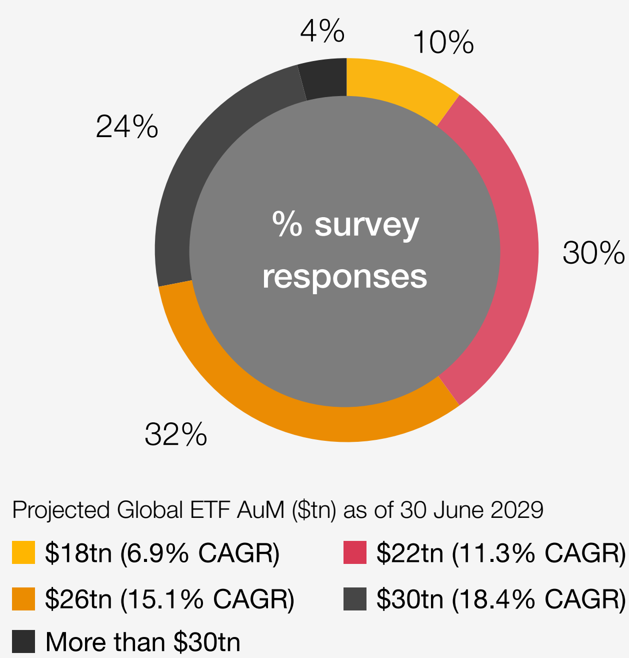
2024 saw record ETF net inflows in the United States ($1.1 trillion), Europe ($266 billion), Canada ($58 billion) and Asia-Pacific ($149 billion). This continues a trend that has seen global ETF inflows soar to $5.2 trillion over the past five years, far outstripping the $3.2 trillion inflows for mutual funds. Although ETF AuM is still lower than mutual funds, the gap is narrowing. In 2019, global ETF AuM was 17% of global mutual fund AuM. It's now 29%.

Bullish outlook

Looking ahead, sentiment is bullish. Most of the executives (60%) taking part in our survey expect global ETF AuM to reach at least $26 trillion by 2029. This represents an impressive compound annual growth rate (CAGR) of at least 15.1% over the next five years. Nearly one in three survey respondents (28%) are even more optimistic, anticipating that global ETF AuM will more than double to top $30 trillion by 2029, a CAGR of more than 18.4% over the next five years.

Exhibit 1

Global ETF AuM growth projections ($tn) - Global ETF AUM totalled approximately $12.9 trillion as of June 30, 2024. What is your prediction for global ETF AUM by June 30, 2029?



Source: PwC Global ETF Survey 2024

Innovation attracting new investors

Whether it is increased access through new digital distribution channels or the growing range of asset class exposures available to investors within the ETF wrapper, innovation throughout the value chain is attracting new investors. The scale of the opportunity to attract new cohorts of investors is disrupting traditional mutual fund business models.

One of the biggest prizes are the investors coming into the market as a result of the 'great wealth transfer'. Globally, baby-boomers are expected to pass on more than $68 trillion to the next generation over the next ten years as outlined in PwC's Asset and Wealth Management Revolution 2024 report. The popularity of ETFs among young people means that ETF managers are well positioned to capture a sizeable share of this unfolding market. But the resulting lowering of the average age of ETF investors is accelerating a generational shift in expectations as ETF managers compete for customers who've become accustomed to high levels of tech-enabled engagement, experience and personalisation.

Competition heats up

With the opportunities come challenges. Mounting competition is heightening the pressure on existing ETF managers to diversify offerings on the one side and requiring new entrants to come to market with a sufficiently differentiated proposition on the other.

Attracted by ETFs' success and growth potential, over sixty asset managers globally launched ETFs/ETPs for the first time in 2024. This flurry of new entrants brings the total number of ETF and ETP issuers to approximately 690, more than twice as many as ten years ago. The newcomers include many of the leading asset managers who had previously been reluctant to offer ETFs. The ranks of the asset managers still holding out against ETFs are diminishing by the day. However, as ETF fees tend to be lower than mutual funds, one of the key challenges is how to improve cost-efficiency to sustain margins.

Who are the likely winners in this fast growing, but increasingly disrupted ETF marketplace? Historically, success has depended on volume and the timing of market entry. While this remains true, the ability to compete now also hinges on being able to offer something genuinely distinctive, with regulatory developments making this ever more possible.

Ramping up reinvention

These competitive imperatives underline the need for innovation, differentiation and transformation right through the value chain, from diversifying product offerings into high yield asset classes to developing a new generation of nimble and cost-efficient tech-powered distribution and operating models. Tokenisation initiatives are emerging across the globe, opening up new possibilities. Failure to keep pace risks missing out on ETFs' breakthrough growth potential and losing key investor mandates to competitors.

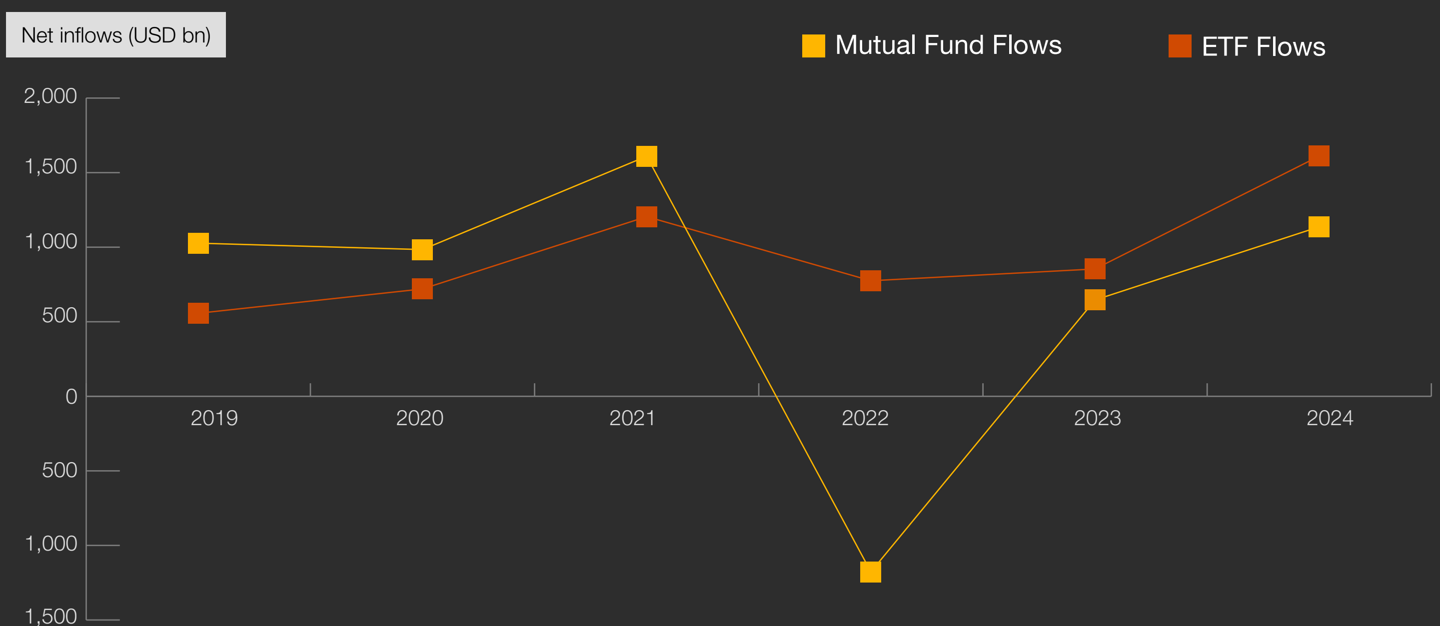
Growth projections: On the path to $30 trillion in AuM by 2029

Confidence is soaring. Most survey respondents expect global ETF AuM to reach at least $26 trillion by June 2029. Over a quarter believe ETF AUM will have topped $30 trillion by then. What are the key drivers for growth?

2024 was a year of both record inflows and strong asset appreciation in the global ETF market. The $3.1 trillion in AuM growth was made up of $1.6 trillion in net inflows and $1.5 trillion in increasing AuM values.

Globally, ETF inflows once again exceeded mutual funds in 2024 for the third consecutive year. The gulf could be even more marked over the next five years. The 15.1% ETF CAGR anticipated by most survey respondents is well over double the 5.9% we project for the asset and wealth management industry as a whole.

Exhibit 2:
Comparing ETF and mutual fund net inflows ($ bn)

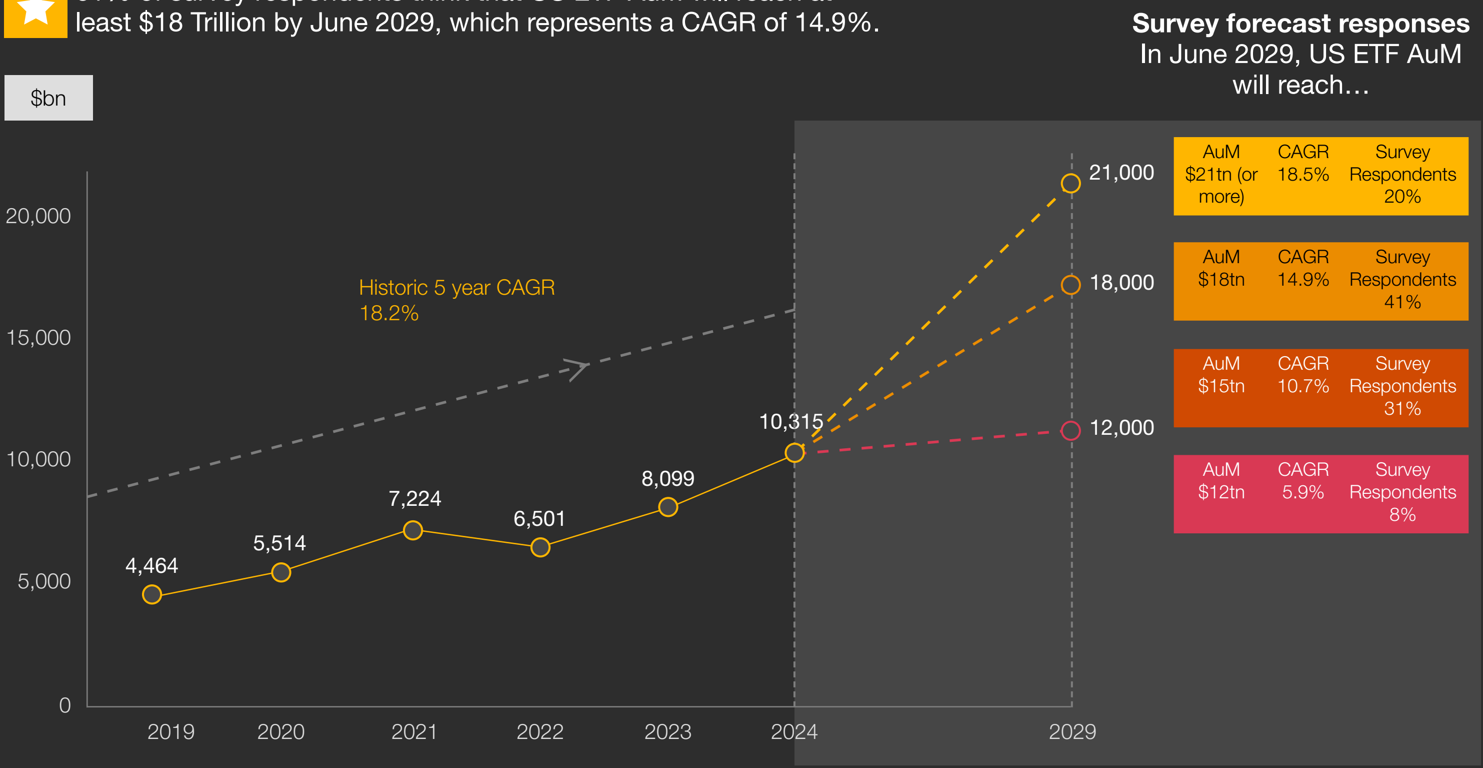


Source: LSEG Lipper

United States

Exhibit 3:
Historic and projected growth of US ETF AuM ($bn)

61% of survey respondents think that US ETF AuM will reach at least $18 Trillion by June 2029, which represents a CAGR of 14.9%.



Source: LSEG Lipper and PwC Global ETF Survey 2024

US ETF AuM grew by an impressive 27% to reach $10.3 trillion in 2024. The record US ETF inflows of $1.1 trillion tower above the $317 billion into US mutual funds. Active ETF flows were $287 billion in 2024, with more than 50 new active ETF issuers. Cryptocurrency ETFs also pulled in another $83 billion.

Most US survey respondents (61%) believe that US ETF AuM will reach at least $18 trillion by June 2029, a CAGR of 14.9%. One in five are even more bullish in projecting AuM of at least $21 trillion over the next five years.

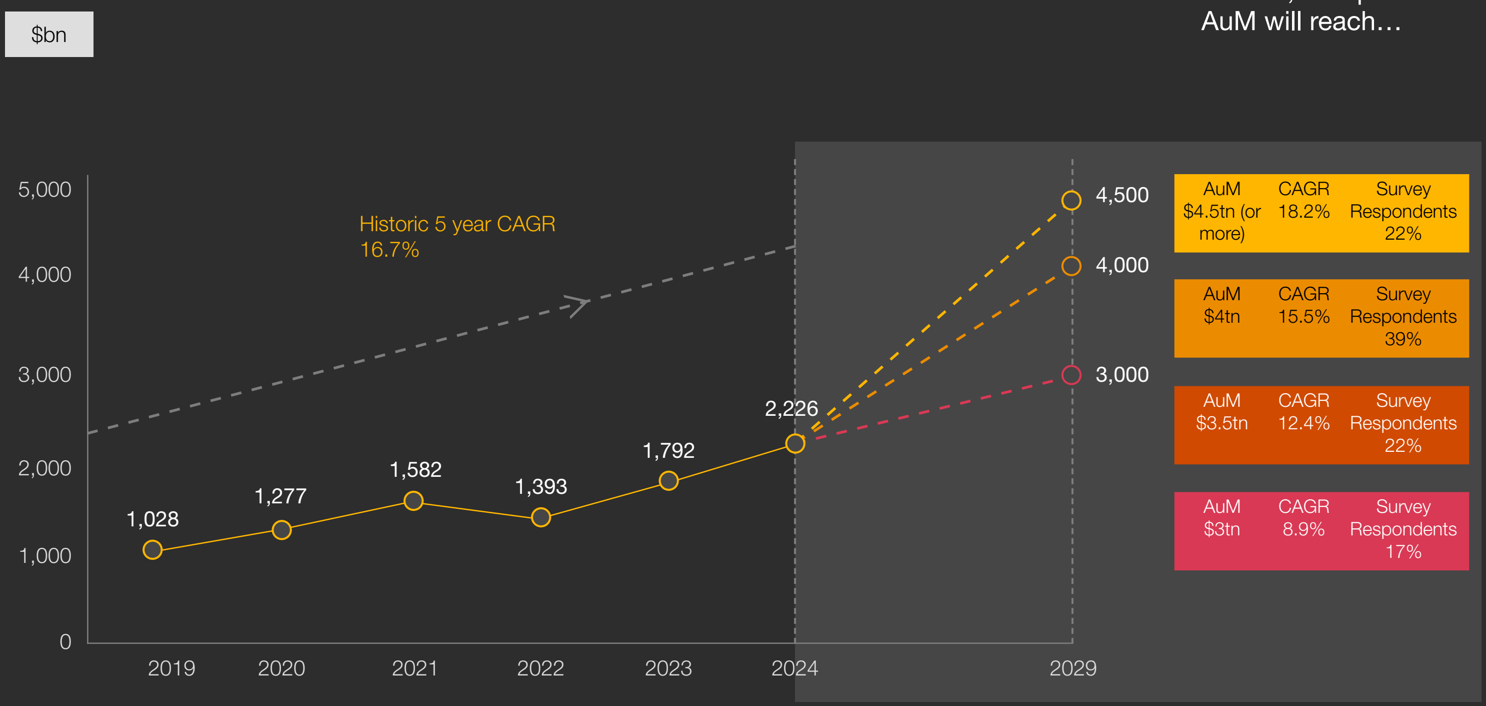
Key sources of growth over the next five years include model portfolios (86% anticipating significant growth) and financial advisors and intermediaries (83%). Individual/retail investors are close behind (77%).

The evolution in the market is reflected in the 89% of respondents who anticipate significant demand for active ETFs over the next two to three years. Further shifts expected include the gathering rush to launch crypto ETFs, buoyed by the January 23, 2025 executive order which includes the formation of a Presidential Working Group on Digital Assets whose tasks include developing a Federal regulatory framework governing digital assets.

Europe

Exhibit 4:
Historic and projected growth of European ETF AuM

61% of survey respondents think that European ETF AuM will reach at least $4 Trillion by June 2029, which represents a CAGR of 15.5%.



Source: LSEG Lipper and PwC Global ETF Survey 2024

Europe's ETF AuM grew by 24% to reach $2.2 trillion in 2024, with record ETF net inflows of $266 billion. 78% of assets in European ETFs are in Irish domiciled ETFs, with Luxembourg (16%), Germany (3%) and France (2%) making up the bulk of the remaining market.

Most European survey respondents (61%) believe that the region's ETF AuM will reach at least $4 trillion by June 2029, a CAGR of 15.5%. 22% expect that ETF AuM will reach $4.5 trillion or more in that time.

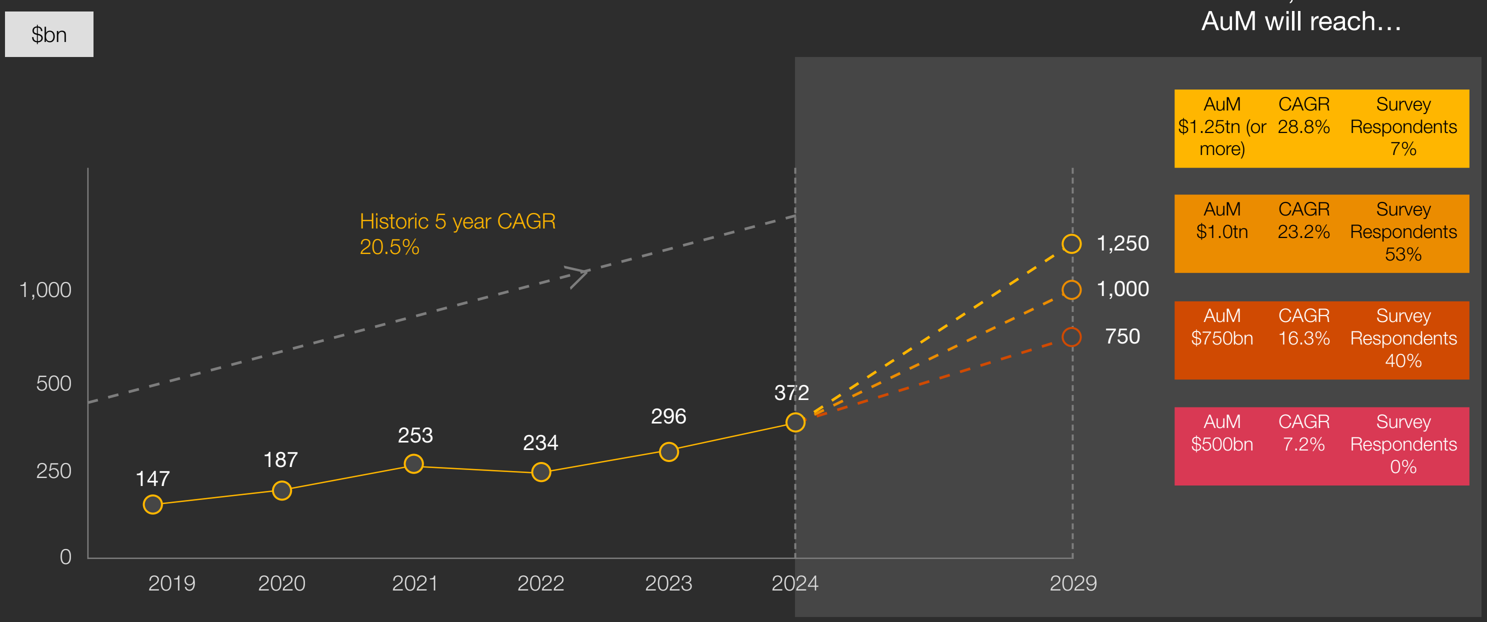
Europe's ETF market still has a long way to go in realising its full growth potential. Of the segments earmarked for growth, the focus on individual/retail investors marks the most significant shift in a sector that's still dominated by institutional investment. Nearly three-quarters of European respondents (74%) expect major growth in the retail segment over the next two to three years, on a par with financial advisors and intermediaries.

Catalysts for expansion include the growing popularity of digital distribution and ETF savings plans, especially in Germany, Europe's largest ETF market. In addition, the EU's Retail Investment Package aims to boost individual investment in the real economy by strengthening investor education and protection, though its impact remains to be seen.

Canada

Exhibit 5:
Historic and projected growth of Canadian ETF AuM

60% of survey respondents think that Canadian ETF AuM will reach at least $1 trillion by June 2029, which represents a CAGR of 23.2%.



Source: LSEG Lipper and PwC Global ETF Survey 2024

Canadian ETF AuM grew by 26% to reach $372 billion in 2024, with record ETF net inflows of $58 billion.

100% of Canadian respondents believe that the country's ETF AuM will reach at least $750 billion by June 2029, a CAGR of 16.3%. Furthermore, the majority of Canadian respondents (60%) believe that AuM will top $1 trillion.

This confidence is unsurprising in an ETF sector that makes up a quarter of the combined mutual fund and ETF market. Drivers for growth include active ETFs, which account for a quarter of the overall ETF AuM. The development of actives has been buoyed by rules that allow managers to issue ETF series within their mutual funds. This distribution mechanism is used by a wide array of Canadian ETF issuers, from banks to liquid alternative hedge funds. Further signs of innovation include the significant 63% growth of Canadian crypto ETF AuM from $3.4 billion in 2023 to $5.6 billion in 2024.

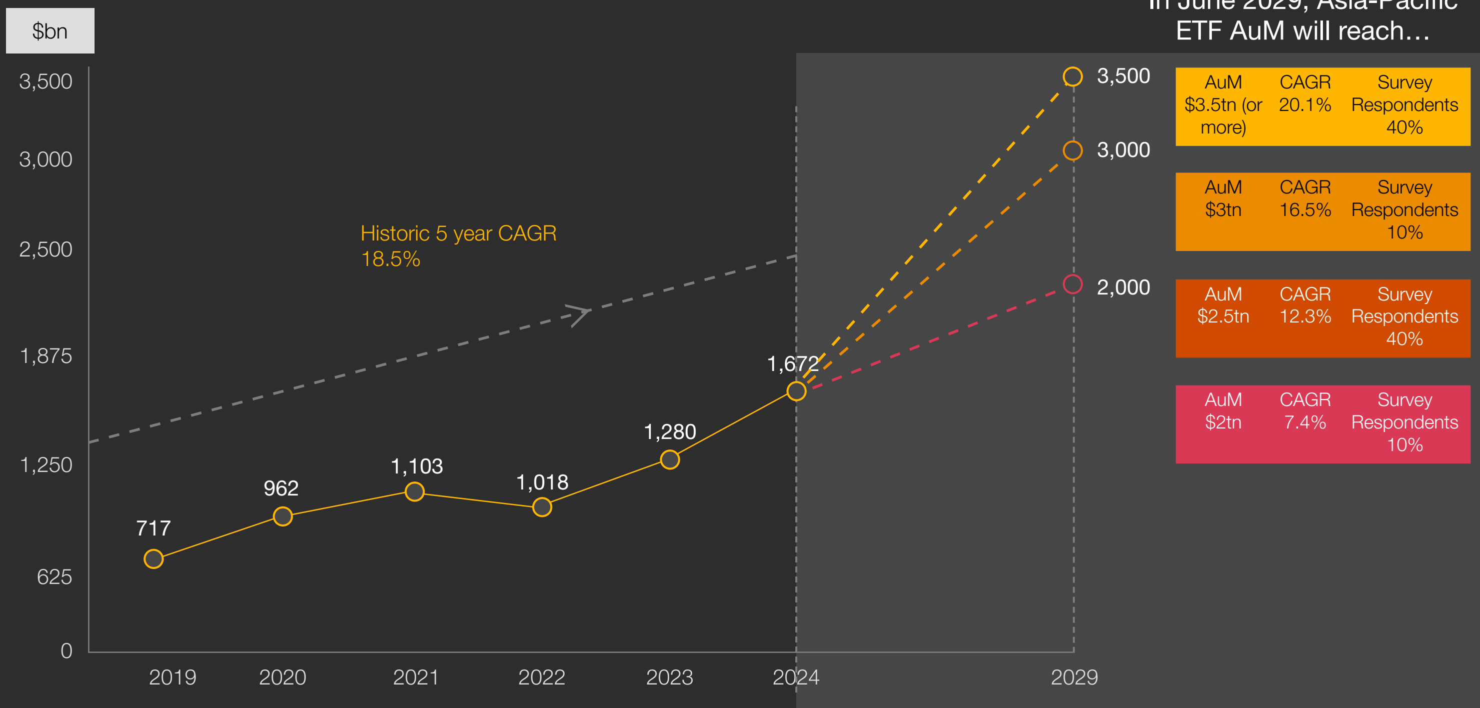
Key challenges include the growing proliferation of ETFs and issuers, which is adding to the pressure on fees, costs and performance. This spotlight on charges, expenses and value for money is likely to be heightened by the new 'total cost reporting' rules, which are due to come into force in 2026.

Asia-Pacific

Exhibit 6 :
Asia-Pacific historic and projected ETF AuM

50% of survey respondents think that Asia-Pacific ETF AuM will reach at least $3 Trillion by June 2029, which represents a CAGR of 16.5%.

Survey forecast responses
In June 2029, Asia-Pacific ETF AuM will reach…



Source: LSEG Lipper and PwC Global ETF Survey 2024

Asia-Pacific ETF AuM grew by an impressive 31% to reach $1.7 trillion in 2024, with record ETF net inflows of $149 billion. Japan and China are the largest ETF domiciles in Asia-Pacific, with 33% and 30% of the Asia-Pacific ETF AuM respectively. Taiwan (12%), Australia (9%) and Korea (7%) follow.

Government initiatives are supporting ETF growth and flows in the region. Following the successful inception of the ETF Connect program between Hong-Kong and mainland China in 2022, China and the UK are now exploring the possibility of implementing a new ETF Connect scheme, while Japan and Saudi Arabia have entered into an ETF strategic partnership. While it remains to be seen what the impact of these initiatives will be, our Asia-Pacific survey participants are confident that the growth of ETFs will remain strong in the region in the next five years.

Most Asia-Pacific survey respondents (50%) believe that the region's ETF AuM will reach at least $3 trillion by 2029, a CAGR of 16.5%. 40% expect ETF AuM to climb to $3.5 trillion or beyond.

The region's consistently strong appetite for innovation is reflected in Asia-Pacific survey respondents' strong interest in crypto ETF launches once regulations allow. More than four in ten (42%) also anticipate significant demand for active ETFs over the next two to three years.

Markets leading the way on actives include Australia, where they now make up a quarter of overall Australian ETFs and represent more than 60% of Asia-Pacific active ETF, and China with 36% of Asia-Pacific active ETFs. Interestingly, active ETFs have yet to gain grounds in the rest of the region, including Japan, the region's largest ETF market by AuM, despite the regulatory green light in 2023.

Section 2

Product trends: Regulatory shifts spur surge in innovation

A series of landmark regulatory developments is creating new openings and accelerating disruptive shifts within the ETF marketplace. How can you capitalise on the unfolding opportunities for innovation and growth?

Among the most potentially far-reaching developments is the US Securities and Exchange Commission's (SEC) green light for the inclusion of cryptocurrency exposures within an ETF wrapper. On January 23, 2025, through executive order, a Working Group on Digital Assets Markets was formed to develop a regulatory framework for digital assets, including stablecoins.

The Central Bank of Ireland has also authorised ETFs offering 100% exposure to collateralised loan obligations (CLOs) for the first time in early 2025. This move increases harmonisation in the implementation of ETF regulations across Europe.

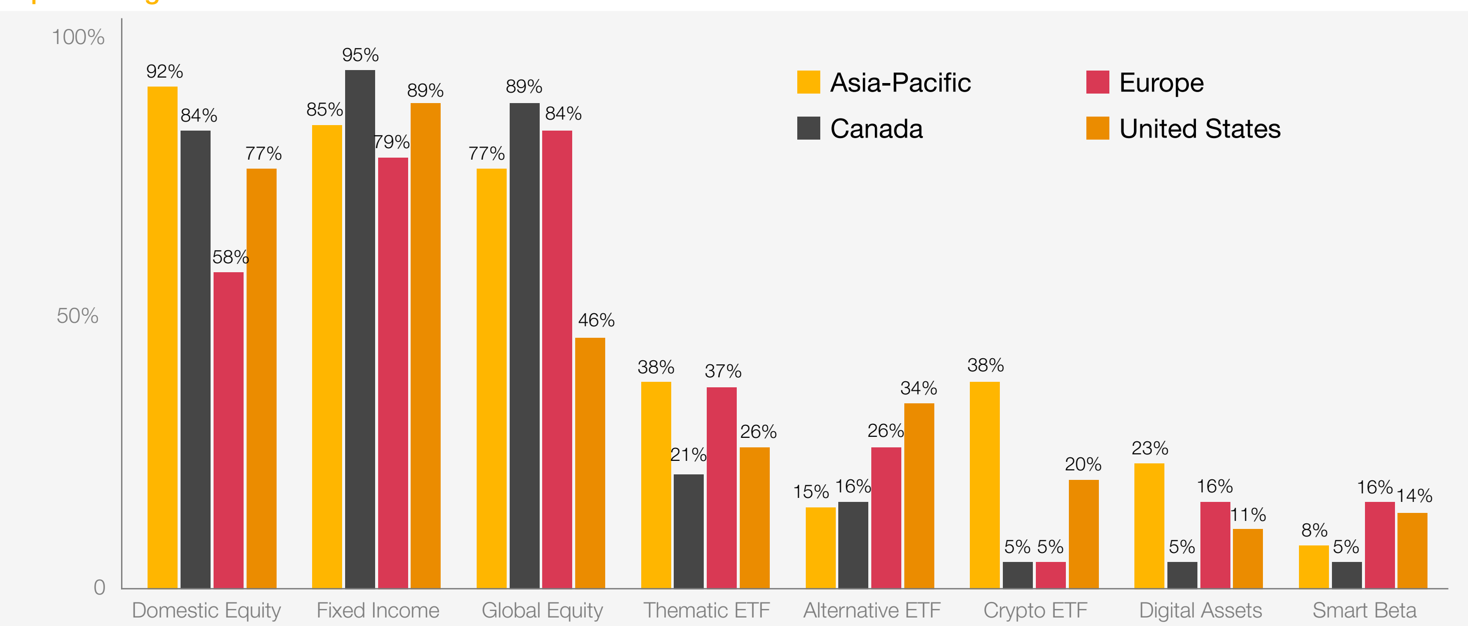
The SEC approval of a private credit ETF in late February 2025 continues to open up new possibilities for retail alternative strategies in the US. In a move that could be replicated elsewhere, the Luxembourg regulator is relaxing disclosure requirements for active ETFs by allowing managers to publish holdings with a one-month lag.

Reaching beyond the core

The 'core' asset classes of domestic equity, global equity and fixed income continue to lead both current and projected ETF growth as displayed in Exhibit 7. However, the cumulative impact of these various regulatory developments is reshaping the ETF market, with growing diversification into active, alternative and digital investments at the fore.

Exhibit 7

Expected significant demand



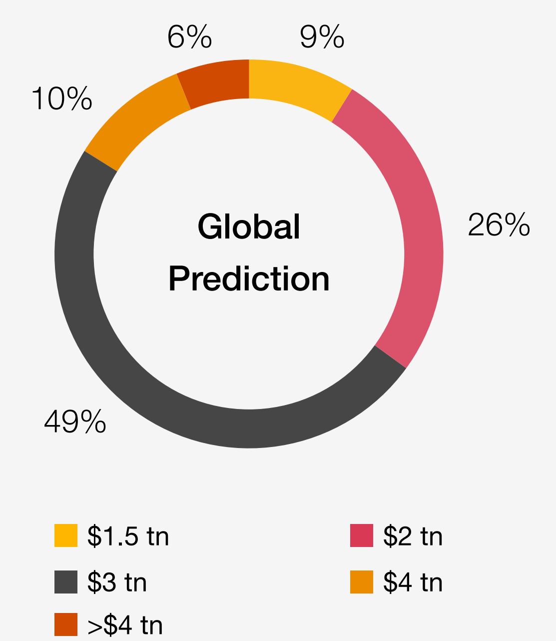
Source: PwC Global ETF Survey 2024

Active ETFs come of age

By the end of 2024, active ETF AuM had grown by 52% to reach $1.03 trillion globally. 65% of our survey respondents expect this global Active AUM figure to reach $3 trillion or above by 2029 as noted below. So the question over whether active investment strategies can operate within an ETF wrapper has been decisively answered.

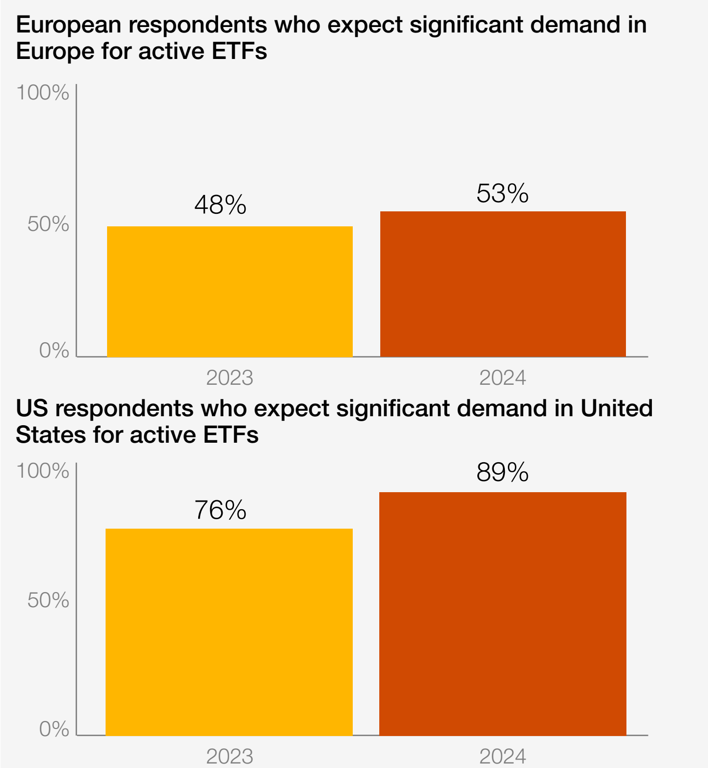
In Asia-Pacific, 42% of survey respondents anticipate significant demand in active ETFs in the Asia-Pacific region over the next two to three years, slightly lower than the 50% in our 2023 survey. The proportion of Canadian respondents expecting significant demand has also decreased from 82% in 2023 to 67% in our 2024 survey.

Exhibit 8a
Global active ETF AuM growth projections for 2029 ($tn)



Source: PwC Global ETF Survey 2024

Exhibit 8b
Regional respondents who expect significant demand in their region for active ETFs



Source: PwC Global ETF Survey 2024, PwC Global ETF Survey 2023

The US continues to lead the way. Nearly nine out of ten survey respondents in the US (89%) expect to see significant demand for active ETFs within the US over the next two to three years, up from 76% in our 2023 survey.

In Europe, the surge in demand for active in ETFs is reflected in a record year for inflows ($19.8 billion). More than half of European respondents (53%) anticipate significant demand for active ETFs over the next two to three years, up from 48% in 2023.

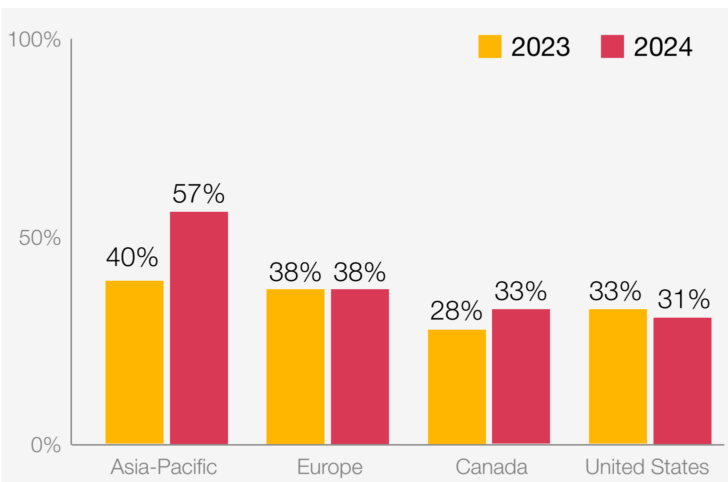
Equities continue to be the predominant asset class in active ETFs. But in a clear marker for the future, recent launches of active ETFs offer access to private credit, private equity and CLOs, consistent with the trends as outlined in PwC's Capturing the Retail Alternatives Market.

Current landscape offers promising prospects for crypto growth

Crypto is still a comparatively small segment compared to Global Equity, Domestic Equity and Fixed Income. However, product launches are gathering pace in the US as regulatory barriers are removed, a process that is likely to be accelerated by a new crypto-friendly administration in the US.

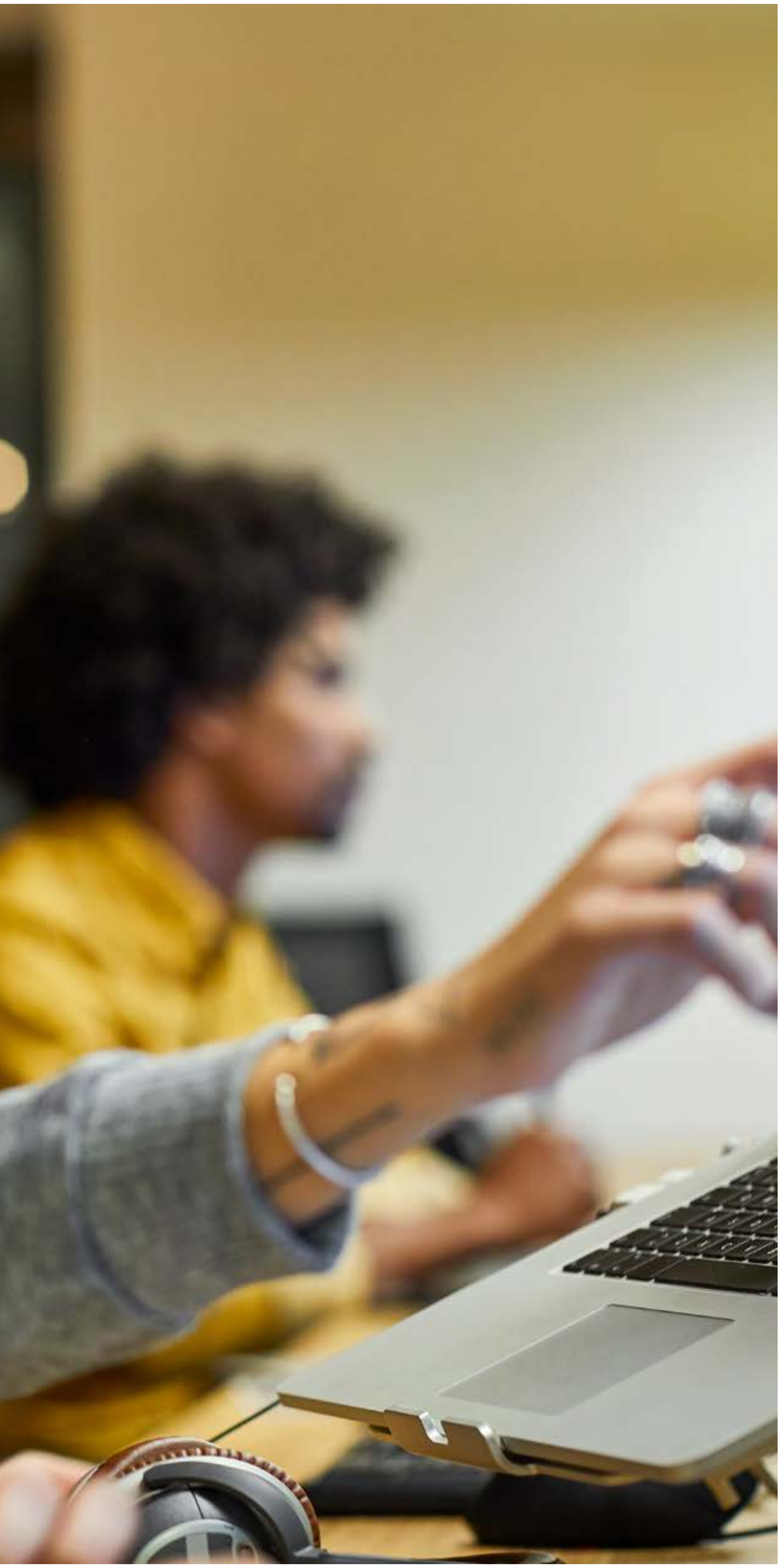
Right now, market access varies significantly by region, with the continued restrictions in the EU contrasting with the regulatory openings in the US and Canada. But one in three survey respondents plan to launch crypto/digital asset ETFs as soon as regulations allow.

Exhibit 9
Respondents who would launch Crypto ETFs if regulators permitted this within their region



Source: PwC Global ETF Survey 2024, PwC Global ETF Survey 2023

A survey of institutional investors carried out for our Asset and wealth management revolution 2024 report not only highlights the growing interest in cryptocurrency investments, but also the focus on companies that offer digital asset technology.

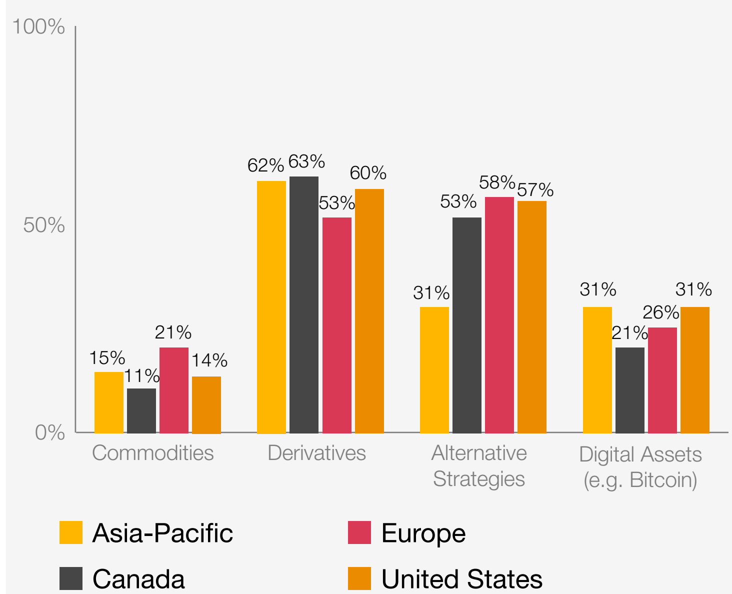


The next frontiers of innovation

The recent flurry of private credit and private equity ETF filings highlights the growing appetite for product innovation. The ETF wrapper offers a trusted, transparent and cost-efficient way for retail investors to access private markets asset classes that might otherwise be too complex or expensive. We're likely to see more strategic partnerships between ETF and private market managers as they look to harness each other's product infrastructure and distribution capabilities.

Exhibit 10

Highest opportunity for product innovation



Source: PwC Global ETF Survey 2024

Further drivers for innovation include the search for more tailored and potentially higher yielding financial solutions. Within the derivative ETF class, this includes the growth in options-based ETFs and defined outcome ETFs (often referred to as 'Buffer ETFs'). These products seek to align with individual financial goals by offering a level of downside protection in return for capping upside potential.

Within the alternatives field, the search for yield is spurring strong interest in CLO ETFs in the US. By investing in pools of corporate loans, CLO ETFs seek to provide a balance of enhanced return and diversified security. US CLO ETF AuM grew from $236 million in 2020 to over $22.5 billion by the end of 2024.

Section 3

Distribution trends: Disruptive tech boosts market reach

While all ETF regions are growing, our analysis reveals significant variations between the make-up of investors and primary routes to market in the different regions. How can you adapt your distribution strategies to the nuances in regional access and demand?

The balance between retail and institutional investors offers a clear indication of the regional and local contrasts. In the US and Canada, retail ETF investors make up a significant majority of the market. In contrast, institutional investors dominate the European ETF market. In the Asia-Pacific region, the split between retail and institutional ETF investors varies markedly from country to country.

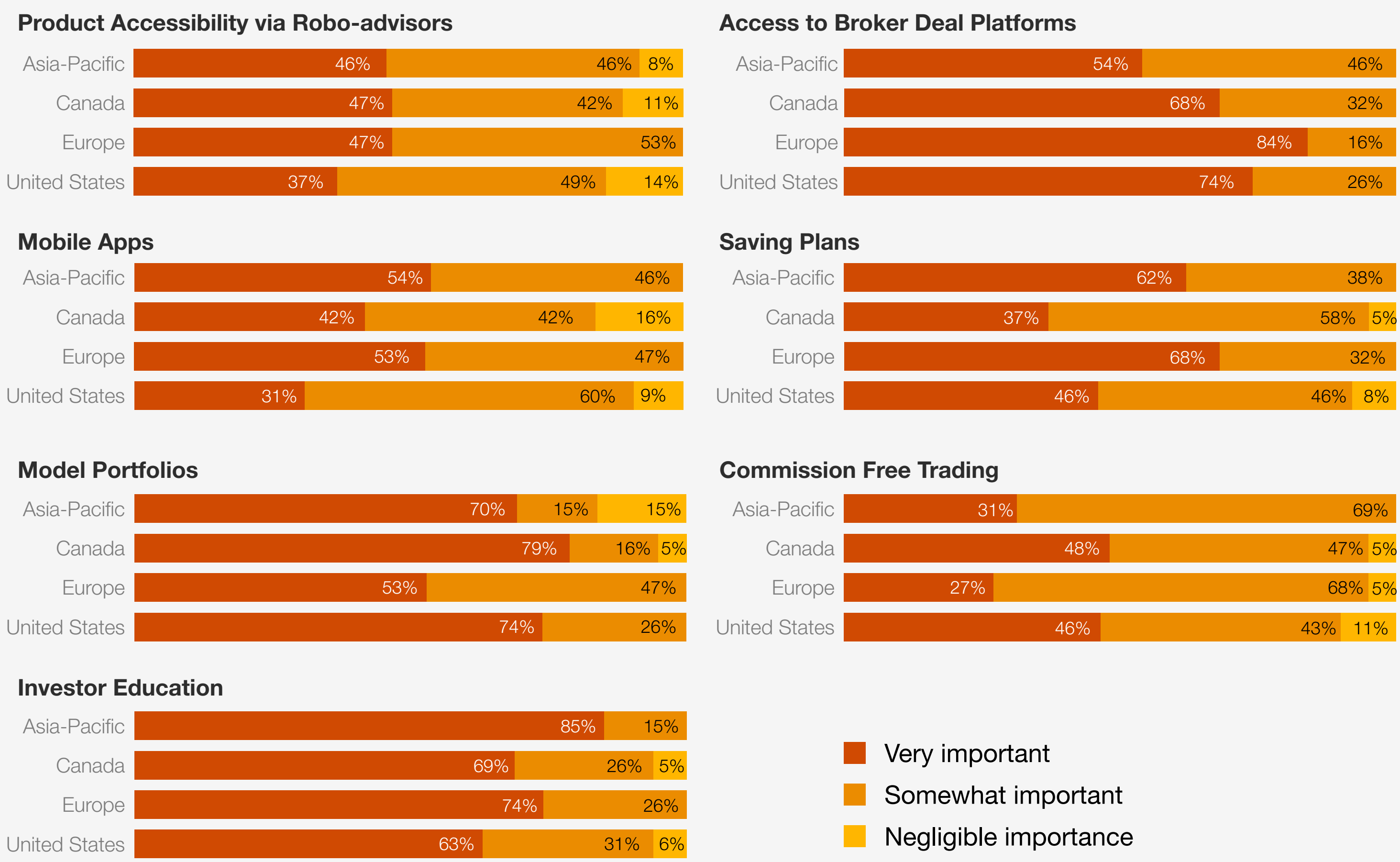
Each market continues to have its own nuances and distribution hurdles. As our survey highlights, particular challenges centre around access to broker dealer platforms.

Offering products through investment apps, neo broker platforms and other digital channels could therefore ease some of the distribution bottleneck. For investors, the leading digital platforms not only offer a wide choice of ETFs, but also low and no-cost trading and gamified visualisation to aid investment choice.

Survey respondents rank model portfolios as equally, if not more, important than broker dealer platforms in securing retail investment flows. Respondents in Canada and Asia-Pacific see model portfolios as more important than broker dealer platforms, while in Europe the position is reversed. For investors, model portfolios offer a diversified range of ETFs and underlying asset classes, while allowing them to choose from a selection of risk and return thresholds.

ETF savings plans are also considered a very significant growth opportunity in Europe as outlined in exhibit 11, and these have seen significant growth in Germany in particular.

Exhibit 11
Priorities for securing retail investment flows



Source: PwC Global ETF Survey 2024

Weighing up the prospects for ETF share classes

ETF share classes are already allowed in Europe and Canada, with asset managers using them as a gateway into ETF markets. A number of managers in the US are looking to follow suit by seeking regulatory approval to launch ETF share classes in their mutual funds, as well as some managers seeking to launch mutual fund share classes in their ETFs. But the SEC has raised a number of concerns, including the differing tax treatment of mutual funds and ETFs, along with allocation of brokerage costs from mutual fund trading to ETF shareholders. There are also a number of distribution, accounting, reporting and tax issues that will need to be considered prior to launch, if these share classes are approved. A new administration and SEC commissioner in 2025 may be more open to the approval of ETF share classes.

Tech-enabled solutions

Continued development of artificial intelligence (AI), blockchain-enabled tokenisation and other disruptive technologies could open up new direct-to-investor channels and accelerate ETF democratisation.

When we asked ETF managers about the tech advances that are likely to have the most impact on their sector, robo-advisors, online platforms and apps came out on top. These were closely followed by AI and machine learning. While respondents see portfolio management and operational efficiency as the areas where AI and machine learning are likely to have most influence, marketing and distribution were just behind.

Exhibit 12
Ranking the importance of tech advances

US Responses

1. Artificial Intelligence
2. Robo-advisors, online platforms, and apps
3. Big data and machine learning
4. Blockchain and distributed ledgers
5. Tokenisation

Europe Responses

1. Robo-advisors, online platforms, and apps
2. Artificial Intelligence
3. Big data and machine learning
4. Tokenisation
5. Blockchain and distributed ledgers

Asia-Pacific Responses

1. Big data and machine learning
2. Robo-advisors, online platforms, and apps
3. Artificial Intelligence
4. Blockchain and distributed ledgers
5. Tokenisation

Canada Responses

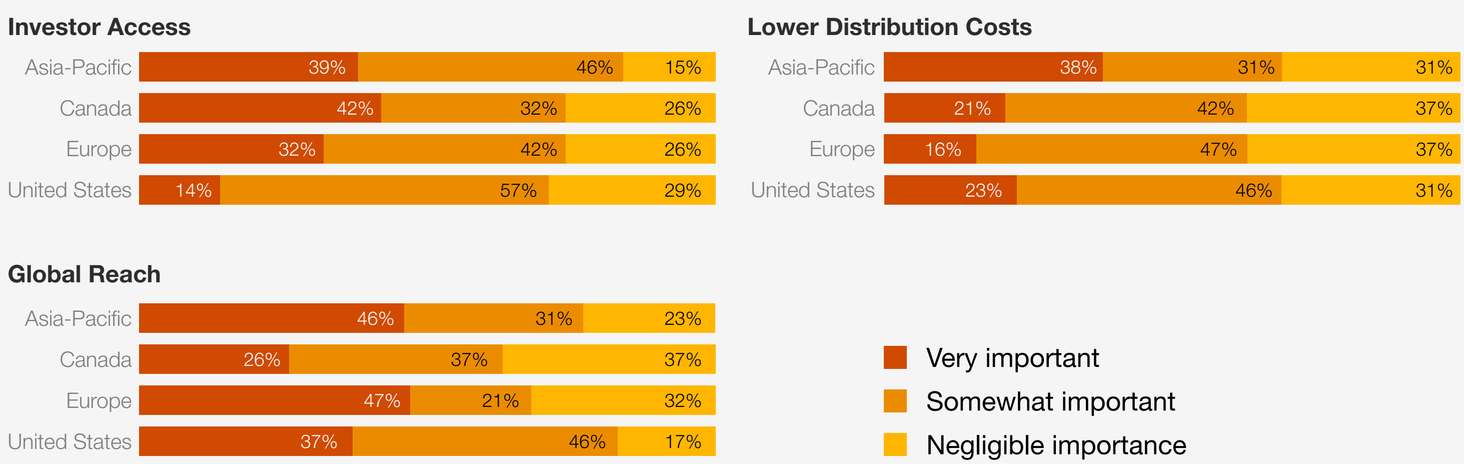
1. Robo-advisors, online platforms, and apps
2. Artificial Intelligence
3. Big data and machine learning
4. Tokenisation
5. Blockchain and distributed ledgers

Source: PwC Global ETF Survey 2024

The importance of digital capabilities can only grow as ETF managers look to offer increasingly tailored solutions, while reducing costs across today's ever more complex and diversified portfolios. The direction of travel is further underlined in the findings from our Asset and Wealth Management Revolution 2024 report. More than seven out of ten asset and wealth managers taking part (72%) believe that disruptive tech will lead to a shift in customer preferences towards tech-enabled solutions.

Tokenisation, while potentially not currently the top priority of survey respondents, has the potential to be a game-changer across the investment industry, with ETFs at the fore. The immediate openings include extending global reach by allowing managers to operate across borderless distributed ledgers without the need for passporting, partners or a presence on the ground. Tokenised fractional ownership would in turn lower the threshold for minimum investments and hence increase mass affluent access to once off-limits asset classes, notably private markets.

Exhibit 13
Strategic impact of tokenisation



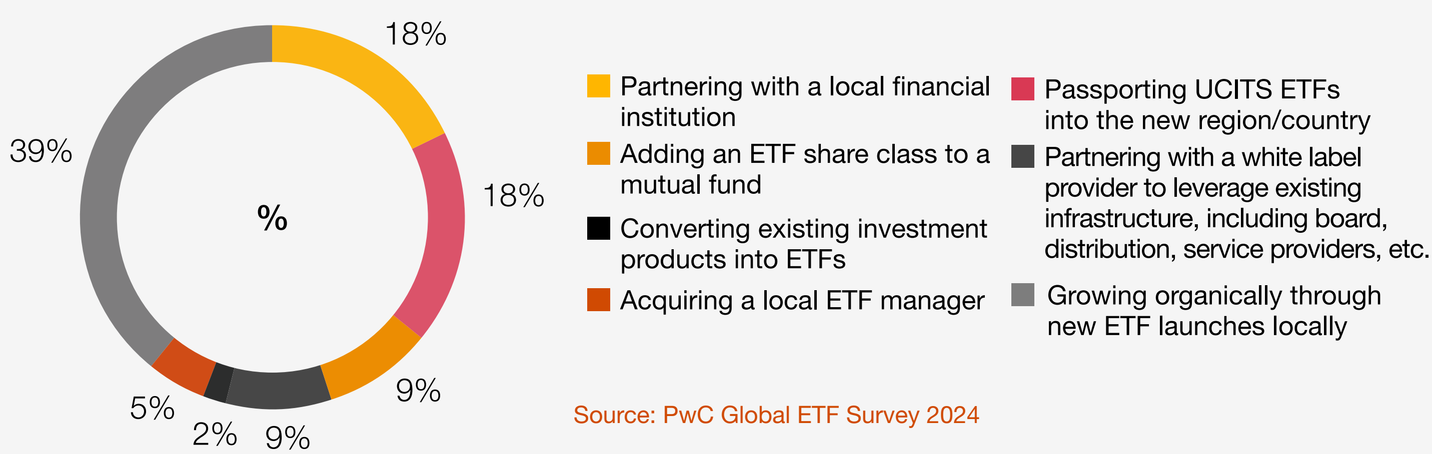
Source: PwC Global ETF Survey 2024

Collaborative market access

When asked about entering another geographical region, Asia-Pacific and Latin America continue to be the primary targets for the well-established global ETF issuers. Europe and the distribution opportunities that the UCITS wrapper offer continue to be focus for a number of firms.

To extend their global footprint, most survey respondents prefer either organic growth or passporting UCITS into a new market. However, over a quarter plan to partner with either a local financial institution or a white label provider.

Exhibit 14
Gaining access to new regional markets - If you are considering launching ETFs, including entering another geographic region, which of the following is your top choice for market entry?



Source: PwC Global ETF Survey 2024

Section 4

The way forward: Staying relevant and standing out

Our survey findings highlight the opportunities in an ETF marketplace that is not only rapidly expanding, but also becoming the wrapper of choice across a whole new set of asset classes. But the faster the ETF sector grows, the more competitive it becomes. So how can you as an ETF manager stay relevant, stand out and seize the growth potential ahead?

1.

Sharpen innovation and differentiation

Create distinctive strategies and offerings, from new asset classes such as private credit to the use of swaps and options to tailor products to different return objectives and risk tolerances. Successful managers will be able to combine innovation and increased choice with effective ways to manage the costs and complexities within their new product suite.

2.

Capitalise on active ETFs' move from niche to mainstream

Performance will remain the key differentiator. But the managers out in front will also be able to sustain margins and compete on fees by developing a 'more for less' tech-powered operating model. They're also using active ETFs as a way to broaden access to private credit, private equity and CLOs.

3.

Unleash the power of disruptive tech

Disruptive technologies like AI, tokenisation, big data and cloud computing continue to strengthen efficiency and performance. But the even bigger differentiator will be harnessing disruptive tech to revolutionise product offerings, boost portfolio performance and open up new direct-to-investor channels.

4.

Be ready for digital asset ETF openings

Regulatory openings and rising investor demand are heightening the focus on crypto/digital asset ETFs. The ETF managers out in front will be closely monitoring local demand and getting ready to launch as and when financial ecosytems become more sophisticated and regulators become comfortable with the risks, while facilitating investors looking for a trusted ETF wrapper to access digital assets.

Directory

Ireland

Marie Coady
Global ETF Leader,
Partner, PwC Ireland (Republic of)
marie.coady@pwc.com
+353 87 994 8308

Aoife O'Connor
Ireland ETF Leader
Partner, PwC Ireland (Republic of)
aoife.oconnor@pwc.com
+353 87 774 3069

Mary Ruane
Asset and Wealth Management Leader for Ireland
Partner, PwC Ireland (Republic of)
mary.ruane@pwc.com
+353 86 343 8670

Nicola Sheridan
Director, PwC Ireland (Republic of)
nicola.sheridan@pwc.com
+353 86 043 3017

Sean Savage
Director, PwC Ireland (Republic of)
sean.savage@pwc.com
+353 86 160 8908

Louise Haudebourg Browne
Senior Manager, PwC Ireland (Republic of)
louise.haudebourg-browne@pwc.com
+353 87 442 4436

USA

Beth Savino
US ETF Leader, Partner, PwC US
elizabeth.a.savino@pwc.com
+1 516 428 4571

Bill Donahue
Managing Director, PwC US
bill.j.donahue@pwc.com
+1 617 318 8847

Canada

Chris Pitts
Partner, PwC Canada
chris.pitts@pwc.com
+1 416 219 0875

Asia-Pacific

Keith Chau
Partner, PwC Hong Kong
keith.ck.chau@hk.pwc.com
+852 2289 1215

Christopher Crawford
クロフォード クリストファー
Partner, (on secondment in Tokyo, Japan)
christopher.crawford@pwc.com
+81 80-9424-0343

Adrian Gut
Partner, PwC Australia
adrian.gut@au.pwc.com
+61 418 237 426

Luxembourg

Marius Pfeiffer
Luxembourg ETF leader,
Senior Manager, PwC Luxembourg
marius.pfeiffer@pwc.lu
+352 621 335 247

PwC Global AWM Market Research Centre

Dariush Yazdani
Asset Management Market Research Centre Leader,
Partner, PwC Luxembourg
dariush.yazdani@pwc.lu
+352 621 332 191

Nana Duah Poku
Project Manager, PwC Luxembourg
nana.duah.poku@pwc.lu
+352 621 332 398

Thank you